



House of Representatives

General Assembly

File No. 86

February Session, 2012

Substitute House Bill No. 5317

House of Representatives, March 22, 2012

The Committee on Planning and Development reported through REP. GENTILE of the 104th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE INTEREST RATE ON DELINQUENT PROPERTY TAXES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-145 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2012, and*
3 *applicable to assessment years commencing on or after said date*):

4 The tax collector of each municipality shall, at least five days next
5 preceding the time when each tax becomes due and payable, give
6 notice of the time and place at which the tax collector will receive such
7 tax by advertising in a newspaper published in such municipality or, if
8 no newspaper is published in such municipality, by advertising in any
9 newspaper of the state having a general circulation in such
10 municipality and by posting such notice on a signpost therein, if any,
11 otherwise on a signpost in the town within which such municipality is
12 situated, if any, or at some other exterior place near the office of the
13 town clerk. The tax collector shall repeat such advertising within one

14 week after such tax has become due and payable and, again, at least
15 five days before such tax becomes delinquent. Each such notice shall
16 give each date on which such tax shall become due and payable and
17 each date on which such tax shall become delinquent, and shall state
18 that, as soon as such tax becomes delinquent, it shall be subject to
19 interest [at the rate of one and one-half per cent of such tax for each
20 month or fraction thereof which elapses] from the time when such tax
21 becomes due and payable until the same is paid. Such notice shall
22 further state the rate at which any delinquent tax shall accrue interest.
23 The tax collector of a municipality may waive the interest on
24 delinquent property taxes if the tax collector and the assessor, jointly,
25 determine that the delinquency is attributable to an error by the tax
26 assessor or tax collector and is not the result of any action or failure on
27 the part of the taxpayer. The tax collector shall notify the taxing
28 authority of the municipality of all waivers granted pursuant to this
29 section.

30 Sec. 2. Section 12-146 of the general statutes is repealed and the
31 following is substituted in lieu thereof (*Effective October 1, 2012, and*
32 *applicable to assessment years beginning on or after said date*):

33 Unless the context otherwise requires, wherever used in this section,
34 "tax" includes each property tax and each installment and part thereof
35 due to a municipality as it may have been increased by interest, fees
36 and charges. If any tax due in a single installment or if any installment
37 of any tax due in two or more installments is not paid in full (1) on or
38 before the first day of the month next succeeding the month in which it
39 became due and payable, or if not due and payable on the first day of
40 the month, (2) on or before the same date of the next succeeding month
41 corresponding to that of the month on which it became due and
42 payable, the whole or such part of such installment as is unpaid shall
43 thereupon be delinquent and shall be subject to interest from the due
44 date of such delinquent installment. Except for unpaid real estate taxes
45 the collection of which was, or is, deferred under the provisions of
46 section 12-174, and any predecessor and successor thereto, which
47 unpaid real estate taxes continue to be subject to the provisions of such

48 deferred collection statutes, and except for any taxes due in a
49 municipality that has adopted the provisions of section 3 of this act,
50 the delinquent portion of the principal of any tax shall be subject to
51 interest at the rate of eighteen per cent per annum from the time when
52 it became due and payable until the same is paid, subject to a
53 minimum interest charge of two dollars which any municipality, by
54 vote of its legislative body, may elect not to impose, [and] provided, in
55 any computation of such interest, under any provision of this section,
56 [each fractional part of a month in which any portion of the principal
57 of such tax remains unpaid shall be considered to be equivalent to a
58 whole month] interest shall be calculated on a per diem basis. Each
59 addition of interest shall become, and shall be collectible as, a part of
60 such tax. Interest shall accrue at said rate until payment of such taxes
61 due notwithstanding the entry of any judgment in favor of the
62 municipality against the taxpayer or the property of the taxpayer.
63 Except as hereinafter specified for taxes representing two or more
64 items of property, the collector shall not receive any partial payment of
65 a delinquent tax which is less than the total accrued interest on the
66 principal of such tax up to the date of payment and shall apply each
67 partial payment to the wiping out of such interest before making any
68 application thereof to the reduction of such principal; provided,
69 whenever the first partial payment is made after delinquency, interest
70 from the due date of such delinquent tax to the date of such partial
71 payment shall be figured on the whole or such part of the principal of
72 such tax as is unpaid at the beginning of delinquency and provided,
73 whenever a subsequent partial payment of such tax is made, interest
74 shall be figured from the date of payment of the last-preceding, to the
75 date of payment of such subsequent, partial payment on the whole or
76 such balance of the principal of such tax as remains unpaid on the date
77 of the last-preceding partial payment. If any tax, at the time of
78 assessment or because of a subsequent division, represents two or
79 more items of property, the collector may receive payment in full of
80 such part of the principal and interest of such tax as represents one or
81 more of such items, even though interest in full on the entire amount
82 of the principal of such tax has not been received up to the date of such

83 payment; in which event, interest on the remaining portion of the
84 principal of any such tax shall be computed, as the case may be, from
85 the due date of such tax if no other payment after delinquency has
86 been made or from the last date of payment of interest in full on the
87 whole amount or unpaid balance of the principal of such delinquent
88 tax if previous payment of interest has been made. Each collector shall
89 keep a separate account of such interest and the time when the same
90 has been received and shall pay over the same to the treasurer of the
91 municipality of the collector as a part of such tax. No tax or installment
92 thereof shall be construed to be delinquent under the provisions of this
93 section if the envelope containing the amount due as such tax or
94 installment, as received by the tax collector of the municipality to
95 which such tax is payable, bears a postmark showing a date within the
96 time allowed by statute for the payment of such tax or installment.
97 Any municipality may, by vote of its legislative body, require that any
98 delinquent property taxes applicable with respect to a motor vehicle
99 shall be paid only in cash or by certified check or money order. Any
100 municipality adopting such requirement may provide that such
101 requirement shall only be applicable to delinquency exceeding a
102 certain period in duration as determined by such municipality. Any
103 municipality shall waive all or a portion of the interest due and
104 payable under this section on a delinquent tax with respect to a
105 taxpayer who has received compensation under chapter 968 as a crime
106 victim.

107 Sec. 3. (NEW) (*Effective October 1, 2012, and applicable to assessment*
108 *years commencing on or after said date*) Any municipality may, by a vote
109 of its legislative body or, where the legislative body is a town meeting,
110 by a vote of its board of selectmen or its town council, elect to subject
111 the delinquent portion of the principal of any property tax to an
112 interest rate of twelve per cent per annum from the time when such tax
113 became due and payable until the same is paid. Such interest shall be
114 calculated on a per diem basis and collected in accordance with the
115 provisions of section 12-146 of the general statutes, as amended by this
116 act.

117 Sec. 4. Section 12-169b of the general statutes is repealed and the
118 following is substituted in lieu thereof (*Effective October 1, 2012, and*
119 *applicable to assessment years commencing on or after said date*):

120 If a municipality does not file a lien under any provisions of the
121 general statutes to recover costs for the inspection, repair, demolition,
122 removal or other disposition of any real estate in order to secure such
123 real estate or to make it safe and sanitary, pursuant to any provision of
124 the general statutes or municipal building, health, housing or safety
125 codes or regulations, then such municipality may assess the amount of
126 such costs against the real estate upon which such cost was incurred.
127 Upon certification by the municipal agency incurring such cost of the
128 assessment amount due and owing reasonably related to the
129 municipality's actual cost, the tax collector shall add the amount of
130 such assessment to the extent unpaid to the taxes due on such real
131 estate and such amount shall become a part of the taxes to be collected
132 at the same time and shall bear interest at such rates and in such
133 manner as provided for delinquent taxes in accordance with section
134 12-146, as amended by this act, or section 3 of this act. Any amount
135 added to the assessment under this section shall constitute a lien upon
136 the real estate against for which the amount was imposed from the
137 date such amount was due. Each such lien may be continued, recorded
138 and released in the manner provided by the general statutes for
139 continuing, recording and releasing property tax liens. Each such lien
140 may be enforced in the same manner as property tax liens. Any agency
141 of a municipality that incurs costs that have been assessed against real
142 estate under this section shall maintain a current record of all real
143 estate with respect to which such costs remain unpaid in the office of
144 such municipal agency. Such record shall be available for inspection by
145 the public.

<p>This act shall take effect as follows and shall amend the following sections:</p>
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Section 1	<i>October 1, 2012, and applicable to assessment years commencing on or after said date</i>	12-145
Sec. 2	<i>October 1, 2012, and applicable to assessment years beginning on or after said date</i>	12-146
Sec. 3	<i>October 1, 2012, and applicable to assessment years commencing on or after said date</i>	New section
Sec. 4	<i>October 1, 2012, and applicable to assessment years commencing on or after said date</i>	12-169b

PD *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 13 \$	FY 14 \$
Various Municipalities	Potential Revenue Loss	Potential Significant	Potential Significant

Explanation

The bill allows municipalities the option of reducing the annual interest rate, from 18% to 12%, they charge on delinquent property taxes. Assuming the municipality opts to reduce the interest rate on delinquent property tax, the potential revenue loss could be significant.

For illustrative purposes, if one property has a \$10,000 delinquent property tax bill, after one year at an 18% annual interest rate, the total tax due with interest would be \$11,800. Under a 12% annual interest rate, the total tax due with interest would be \$11,200. Thus, in this example, the municipality would generate \$600 less in interest on that property.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number and value of delinquent property taxes.

OLR Bill Analysis**sHB 5317*****AN ACT CONCERNING THE INTEREST RATE ON DELINQUENT PROPERTY TAXES.*****SUMMARY:**

This bill (1) gives towns the option of reducing, from 18% to 12%, the annual interest rate they charge on delinquent property taxes and (2) requires all towns to calculate interest on a per diem, rather than a monthly, basis. The rate remains 1.5% per month (18% per year) for delinquent property taxes on personal property used in rendering certain telecommunications services (CGS § 12-80a). The bill requires local tax collectors to include the interest rate in the notice they publish concerning property tax deadlines.

By giving towns the option of reducing the rate and changing the accrual method for interest towns charge on delinquent property taxes, the bill also potentially reduces the interest charged on other delinquent taxes and assessments, which, by law, are linked to this statutory rate.

EFFECTIVE DATE: October 1, 2012, and applicable to assessment years starting on or after that date.

INTEREST ON DELINQUENT PROPERTY TAXES

Under current law, property taxes accrue interest at a rate of 1.5% per month (18% per year) for each month or part of a month that elapses between the due date and the payment date. The bill allows a municipality, by vote of its legislative body (or in a municipality where the legislative body is a town meeting, by vote of the board of selectmen or town council) to establish a 12% interest rate for delinquent property taxes. The rate remains at 18% for towns that do not adopt the optional 12% rate.

The bill also requires all towns to calculate interest on a per diem basis. As under current law, the minimum interest charge is \$2, but a municipality may, by vote of its legislative body, choose not to impose the minimum.

INTEREST ON OTHER DELINQUENT TAXES AND ASSESSMENTS

By law, the interest rate on other delinquent taxes and assessments is linked to the interest rate towns charge on delinquent property taxes. Thus, under the bill, the interest on these other delinquent taxes and assessments would (1) be reduced to 12% for any town that adopts the lower rate and (2) accrue on a per diem, rather than a monthly, basis.

They include:

1. sewer system installation and connection assessments (CGS §§ 7-254 and 7-258);
2. the special assessment municipalities can impose on blighted housing (CGS § 12-169b);
3. taxes, fees, rents, or benefit assessments set by the Great Pond and Millbrook Greens Improvement Districts in Windsor (SA 11-8, §§ 1 (f)(3) and 2 (f)(3));
4. taxes, fees, rents, or benefit assessments set by the River Falls Improvement District in Seymour (SA 10-4, § 1(e)(3));
5. tax assessments for members of the Cornfield Point Association in Stonington (§§ 13 and 14 of No. 467 of the 1943 Special Acts, as amended by SA 09-13);
6. tax assessments for members of the Shaker Pines Lake Association, Inc. in Enfield (§ 21 of No. 375 of 1935 Special Acts, as amended by § 16 of SA 89-37);
7. the annual assessment imposed by the Lake Garda Improvement Association in Burlington (§ 9 of No. 255 of 1943

Special Acts, as amended by SA 03-16);

8. taxes, fees, rents, or benefit assessments set by the Harbor Point Infrastructure Improvement District in Stamford (SA 07-6, § 1(f)(3)); and
9. taxes, fees, rents, benefit assessments, and other charges set by the Greenway Commons Improvement District in the Town of Southington (SA 09-11, § 1(f)(3)).

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 19 Nay 1 (03/07/2012)